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Hertz NEWS

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Despite Less Driving, Older Autos...

1980 U.S. SPENDING TO RUN CARS & TRUCKS TOPPED $600 BILLION, UP 16% OVER 1979

Although motorists drove less, kept vehicles longer or switched to smaller models, 1980 U.S. spending to own and run cars and trucks soared 16-1/2% to $602 billion, a record $85 billion more than 1979, The Hertz Corporation estimated today.

"Increases in every element of vehicle expense--from insurance to loan interest--combined to push motoring outlays to a peak 23% of the nation's gross national product," according to the lease-rental company's annual spending survey.

Yearly passenger car ownership and operating cost per unit rose 12% or $279, from $2352 in 1979 to $2631 in 1980, the report found. Per-mile expenses jumped 5.4¢ or 20-1/2%, from 26.6¢ to 32¢.

"Since 1972, the last full year before the Arab oil embargo, average per-unit truck costs are up 166% and passenger car expenses have risen nearly 110%, in spite of motorist cutbacks," Hertz pointed out. "During the same period, the nation's overall inflation rate was 89%."

Expenses for new vehicles are substantially higher than these averages, the company stressed, while costs for older units are significantly less.

For most cars, depreciation -- the difference between purchase price and trade-in value -- is higher in the auto's early years, lower later. This depreciation decline usually more than offsets upkeep increases as a car ages, producing lower overall expenses for longer vehicle use periods, the report points out.

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Reduced travel can actually raise cents-per-mile costs, Hertz noted, because some fixed yearly expenses such as licenses, fees and insurance are pro-rated over fewer annual miles. However, Hertz said, savings on charges such as fuel, oil, tires, battery and repairs, lower the key overall dollars-per-year payments when travel is cut.

Fuel Alone About $30 Billion More

The Hertz report for 1980 places passenger car spending at $317 billion and truck outlays at $285 billion, with aggregate passenger car expenses up almost $37 billion or more than 13% and truck expenditures ahead $48 billion, or 20%.

More than one-third of this $85 billion rise -- over $29 billion of it -- is attributable to the continuing rise in gasoline and diesel fuel prices. Fuel alone now accounts for almost $133 billion, more than one-fifth of overall vehicle costs.

Per-gallon pump prices shot up an average of 30% in calendar 1980, for a two-year climb of almost 80%. But less travel and better vehicle fuel efficiency chopped the 24-month per-unit rise to about 62% -- 57% for cars, 66% for trucks.

Between 1950 and 1972, the lease-rental company report shows, fuel expenses declined in terms of inflation-adjusted dollars, moving from 26.8¢ a gallon at mid-century to 36.1¢ nine years ago -- a 35% rise while the Consumer Price Index climbed 74%.

Since 1972, though, average per-gallon fuel costs soared almost 240% to $1.226 against the CPI's 89% rise in the same period, the company report noted.

More Vehicles But Less Driving

Combined car and truck mileage for all types of use declined about 3-1/2% last year despite a rise in total vehicles of 1.8% to almost 156 million, Hertz estimates.

Passenger car travel -- including business trips, commuting, necessary family chores and pleasure driving -- fell almost 6% in 1980, with a 12% drop for vacations and other personal driving. This brought the two-year 1978-80 pleasure trip decline to an estimated 25% per auto.

Average car mileage last year was estimated at just 8224 miles, against 8850 in 1979, 9165 in 1978 and 10,362 in 1972. Fuel use per car fell from 722 in 1972 to 654 in 1978, 615 in 1979 and 567 last year. Cars in use went from 98.6 million in 1972 to 118.6 in 1978, 119.1 in 1979 and 120.5 million in 1980.

Depreciation Remains Major Expense

Depreciation remains the biggest driving expense, with vehicle value loss totalling $141 billion in 1980, up 9.4%. But, as units are kept longer, and other costs rise, depreciation cost to total outlays drops. In 1972 depreciation was 28% of total car expenses; last year it was just 22%.

The Hertz spending estimates use vehicle depreciation, rather than vehicle purchase prices, since depreciation continues even if vehicle purchases are postponed, as many motorists are doing. (The study puts new vehicle purchase prices at about $84 billion in 1980, down from about $94 billion the previous year. The company has previously estimated used car purchases for 1980 at $71 billion, up from $67 billion in 1979.) Also, purchase are usually financed, stretching actual payments.

The classification of insurance, licensing and fees amounted to almost $129 billion, up about 14% from 1979. Interest costs were over $70 billion, an 18% advance. Maintenance, repairs, parts, equipment and other charges came to $128 billion, a rise topping 15%.

The report also points up the fact that truck outlays are about 47% of total vehicle spending, although trucks comprise under 23% of all units on the road and run only about 28% of the mileage. Some 90% of all trucks are light-weight units such as vans and pickups often used for personal travel.

Record Rises Each Year

In 1950, the Hertz data shows, motorists spent just $40.6 billion to run 49.2 million cars and trucks some 458 billion miles, an average of 8.9¢ a mile and $825 a unit for 9,328 miles of travel per vehicle. Passenger car costs that year were 8¢ a mile, $724 annually for 9032 miles each; trucks were 12.1¢ or $1294, for 10,682 miles.

By 1972, expenditures were up to $187 billion -- for 118.5 million units logging 1.268 trillion miles -- 14.7¢ a mile, or $1579 a year for the average 10,718 miles run. Cars were 12.1¢, $1256 yearly, for 10,362 miles; trucks 24.7¢, $3029 a year, for 12,269 miles.

By 1980, the $601.8 billion spent to run 155.8 million vehicles 1.377 trillion miles came to 43.7¢ a mile -- $3863 annually a unit for an average 8838 miles run. Cars, at $317 billion, were 32¢, a mile, $2631 a year for an average 8,224 annual miles. Trucks were $284.8 billion, 73.8¢, or $8067, for 10,935 miles.

Interest Up Most, Upkeep Least

Over the past three decades car interest payments have shown the biggest rise, 470% since 1950, reflecting both higher interest rates and higher vehicle costs combined. Maintenance shows the smallest increase, just 140% since 1950, far under the 228% inflation rate in 30 years. In 1950, maintenance was 19% of total car ownership and operating costs, but by 1980 the ratio had dropped to just 12%.

Hertz has fleets of more than 300,000 lease and rental cars and trucks. The estimates in the study are based on the company's internal data plus projections of public and industry statistics on registrations and mileage, but modified to exclude motorcycles and off-highway units.

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VEHICLE OPERATING COSTS (AND FUEL USAGE) DATA FOR KEY YEARS
TABULAR SUMMARIES

Years	1950			1972			1979			1980		
Topic Description	Cars	Trucks	Total	Cars	Trucks	Total	Cars	Trucks	Total	Cars	Trucks	Total
Overall Operating Costs B$	29.2	11.4	40.6	121.6	65.4	187	280.1	236.6	516.7	317.0	284.8	601.8
-Per Unit$	724	1294	825	1256	3029	1579	2352	6978	3377	2631	8067	3863
-Per Mile ¢	.0800	.1211	.0884	.1210	.2469	.1473	.2657¢	.6377¢	.3626	.3193¢	.7377¢	.4370
-Per Capita $	194	76	269	586	315	901	1274	1076	2349	1400	1257	2657
Depreciation Cost-Total B$	6.5	3.2	9.7	33.0	19.6	52.6	68.9	60.3	129.2	75.4	66.0	141.4
-Per Unit $	163	363	197	341	907	444	579	1779	844	626	1870	908
-Per Mile ¢	.0178	.0340	.0211	.0329	.0740	.0414	.0654	.1626	.0906	.0761	.1710	.1027
-Per Capita $	43	21	64	159	94	253	308	269	577	333	291	624
Fuel Cost Total B$	6.8	2.8	9.5	25.3	10.6	35.9	69.0	34.7	103.7	85.5	47.4	132.9
-Per Unit	167	318	193	261	491	303	580	1022	678	710	1342	853
-Per Mile	.0185	.0298	.0207	.0252	.0400	.0283	.0655	.0934	.0723	.0863	.1227	.0965
-Per Capita	45	19	63	122	51	173	308	155	463	377	209	587
Other Cost Total B$	15.9	5.4	21.4	63.3	35.2	98.5	142.1	141.6	283.1	156.2	171.4	327.6
-Per Unit $	395	614	435	654	1630	831	1193	4177	1850	1296	4855	2103
-Per Mile ¢	.0437	.0574	.0466	.0631	.1328	.0776	.1348	.3817	.1987	.1576	.4440	.2379
-Per Unit Analysis												
(Ins., Fees, Ins.)	145	261	165	248	617	315	461	1706	735	484	1998	827
(Interest)	51	92	58	111	283	142	259	849	389	291	1009	454
(Repairs, etc.)	200	261	212	296	728	374	473	1622	727	521	1848	822

(slight variations owing to rounding)

New Veh. Purch. Pri.-Tot.B$	10.2	2.0	12.2	35.4	11.4	46.8	60.7	33.2	93.9	58.3	25.3	83.6
-Per Unit	1612	1846	1627	3404	4542	3628	5873	9586	6804	6649	10,200	7435
New Veh. Registered (Mil.)	6.3	1.1	7.5	10.4	2.5	12.9	10.3	3.5	13.8	8.8	2.5	11.2
Total Veh. On Road (Mil.)	40.3	8.8	49.2	96.8	21.6	118.5	119.1	33.9	153.0	120.5	35.3	155.8
Miles Per Vehicle	9032	10682	9328	10362	12269	10718	8850	10943	9314	8224	10,935	8838
Total Vehicle Miles Travelled (Bil.)	364	94	458	1003	265	1268	1054B	371	1425B	991	386	1377
--VMT Per Capita	2415	624	3039	4834	1277	6111	4705	1656	6361	4375	1704	6079
Fuel Use (Bil. Gals.)	25.2	10.3	35.5	70.0	29.5	99.5	73.2	38.6	111.8	68.3	40.1	108.4
Fuel Use Per Vehicle	626	1170	722	722	1365	840	615	1139	731	567	1136	696
Fuel Use Per Capita	168	68	236	337	143	480	327	172	499	302	177	479
Fuel MPG Per Unit Avg.	14.4	9.1	12.9	14.3	9.0	12.9	14.4	9.6	12.8	14.5	9.6	12.7
Personal Income B$			227.6			939.1			1924.2			2143
Gross National Product			286.2			1171.1			2368.8			2601
Consumer Price Index			72.11			125.3			217.2			236.4
Fuel Cost Per Gal.(¢)			.269			.36			.343			$1.226
Population Estimate (Mil.)			150.7			207.5			224			226.5

MILEAGE TRAVELLED AND FUEL USED BY VEHICLE TYPE AND PURPOSE
(in Billions of Miles and Billions of Gallons)

Year	TRUCKS*		PASSENGER CARS Business Travel By Passenger Cars		PASSENGER CARS Necessary Family Use		PASSENGER CARS (Commutation Use)+		CARS & TRUCKS TOTAL NON-PLEASURE*		CARS PLEASURE TRAVEL		CARS & TRUCKS TOTAL VEHICLE TRAVEL	
	Miles	Fuel Use	Miles	Fuel Use	Miles	Fuel Use	(Miles)	(Fuel Use)	Miles	Fuel Use	Miles	Fuel Use	Miles	Fuel Use
1950	94B	10.3 Bg	62.3B	4.33B	207B	14.38 Bg	102B	7.06 Bg	363B	29.01 Bg	95.8	6.49 Bg	458	35.5
1960	131	16.7	100.6	7.03	334	23.36	170	11.87	566	47.09	153	10.81	719	57.9
1970	220	26.5	159.8	11.66	508	37.08	268	19.53	888	75.24	233	17.06	1121	92.3
1971	232	28.0	164.6	12.01	549	40.07	287	20.98	945	80.08	241	17.42	1186	97.5
1972	265	29.5	167.0	11.68	573	40.07	303	21.20	1005	81.25	263	18.25	1268	99.5
1973	260	30.4	157.4	12.11	561	43.15	297	22.80	978	85.66	259	19.64	1237	105.3
1974	274	29.9	143.9	11.51	529	42.32	281	22.46	946	83.73	244	19.47	1190	103.2
1975	270	29.7	148.2	11.31	553	42.21	294	22.42	972	83.22	254	19.68	1226	102.9
1976	302	33.1	154.7	10.67	572	43.01	303	22.82	1029	86.78	262	20.72	1291	107.5
1977	338	36.7	161.1	10.39	630	45.99	323	23.58	1129	93.08	258	20.22	1387	113.3
1978	360	38.3	171.1	10.06	652	46.57	334	23.89	1183	94.93	264	20.97	1447	115.9
1979	371	38.6	166.7	9.26	658	45.89	324	22.70	1196	93.75	229	18.05	1425	111.8
1980	386	40.1	152.5	8.03	637	44.44	315	21.94	1179	92.57	201	15.83	1377	108.4

*Note: Many light-duty trucks are used for pleasure travel, but mileage figures cannot be computed accurately, therefore, non-pleasure truck and overall non-pleasure travel totals are believed to be somewhat over-stated. All data are projections and estimates based on government and motor vehicle industry public figures. Trucks are also used for commutation.

+Note: Commutation sub-category is included in "Necessary Family Use" Total.
Government samples indicate about 10.2% of commutation mileage is by truck, presumably much of it by vans in pool-type arrangements. These totals are reflected in truck use, not in commutation.

HERTZ ESTIMATES OF 1980-MODEL PASSENGER CAR OPERATING COST AVERAGES

Average cents - per-mile (& Total Annual Dollar) Expenses for Varying Years of Service, Mileage And Car Type

Use Years	'SUB-COMPACT' At Constant Miles Per Year			'COMPACT' At Constant 8224 M.P.Y*		At Declining Annual Miles Averaging 8224*			'COMPACT' Constant Miles Per Year			'MID-SIZE	'INTER-MEDIATE	'STAND-ARD'
	10,000	15,000	25,000	¢P.M.	$P.Y.	M.P.Y.	¢P.M.	$.P.Y.	10,000	15,000	25,000	10,000	10,000	10,000
1	40.32¢	30.09	22.25	47.53	= 3909	12,511	= 35.55¢	=$4460	42.15¢	31.35	23.06	44.46¢	46.59¢	50.92¢
2	39.27	29.68	22.11	47.33	= 3892	11,565	= 36.83	= 4259	41.01	30.89	22.90	43.32	45.36	49.60
3	38.10	28.93	21.79	45.94	= 3778	10,841	= 38.40	= 4025	39.75	30.08	22.54	42.05	43.99	48.13
4	36.23	27.80	21.40	43.49	= 3577	10,151	= 37.74	= 3790	37.74	28.86	22.11	39.99	41.78	45.73
5	35.00	27.02	--	41.90	= 3446	9,728	= 36.85	= 3611	36.42	28.02	--	38.65	40.34	44.17
6	32.79	25.38	--	38.26	= 3146	9,442	= 34.78	= 3284	33.54	26.28	--	35.70	37.19	40.77
7	30.30	--	--	35.65	= 2932	9,212	= 33.07	= 3047	31.42	--	--	33.54	34.88	38.29
8	28.85	NO DATA		33.73	= 2774	8,958	= 31,95	= 2862	29.88	NO DATA		31.98	33.20	36.48
9	27.75	OVER 100,000		32.27	= 2654	8,650	= 31.21	= 2700	28.71	OVER 100,000		30.79	31.93	35.13
10	26.96	MILES		31.13	= 2560	8,224	= 31.13	= 2560	27.86	MILES		29.94	31.02	34.15

NOTE: Above Costs Are Averages for the Varying Use/Mileage Periods; those below, right, are for each of the years.

HISTORICAL COMPARISONS 'INTERMEDIATE' SIZE CAR EXPENSE ESTIMATES At Estimated Varying Mileage Averages

Year	3 - Year Average Annual Mileage	3 - Year Use Cost Cents Per Mile	10-Year Aver. Annual Mileage	10-Yr. Use Cost Cents Per Mle	At Constant 10,000 Mile A Year Aver. 3-Yr. Use	10-Year Use	3- Year Use @10,000 MPY (in 1980 $)
1925E	5835	16.9¢	Not Available		11.5¢	N.A.	51.7¢
1950	12771	9.3	9032	8.0¢	10.9	7.7¢	35.7
1960	13497	12.2	9545	9.8	14.4	9.5	38.3
1970	14267	14.7	10090	12.1	19.0	12 2	38.6
1971	14567	14.3	10280	11.9	18.7	12.1	36.4
1972	14652	15.1	10362	12.1	19.7	12.4	37.1
1973	13570	16.2	9597	13.4	20.2	13.1	35.8
1974	12300	20.7	8732	17.1	23.8	15.9	38.0
1975	12561	23.2	8901	18.9	27.2	17.7	39.8
1976	11885	24.8	9015	20.1	28.1	17.9	39.0
1977	12127	26.2	9199	20.8	30.1	20.0	39.2
1978	12082	29.1	9165	23.1	33.5	22.0	40.5
1979	11666	34.0	8850	28.7	38.0	26.4	41.3
1980	10841	41.5*	8224	34.5*	44.0	31.0	44.0

E= Estimated from old, not strictly comparable, records

CURRENT DATA 'COMPACT' CAR EXPENSES

Yearly Costs And Mileages for Various Ownership Periods (Not Averages for All Years as Listed Above.)

Use Yr. Mi.	At Constant 8224M.P.Y.* ¢P.M.$ P.Y.	At Listed Declining Yearly Mileage Averaging 8224 MPY* Miles	¢p.m.	$ Pr. Yr.
1	47.53¢=$3909	12,511 =	35.65¢ =	$4460
2	47.12 = 3875	10,619 =	38.21¢ =	4058
3	43.16 = 3549	9,393 =	37.87¢ =	3557
4	36.14 = 2972	8,081 =	38.18 =	3085
5	35.54 = 2923	8,035 =	36.03 =	2895
6	20.06 = 1650	8,017 =	20.57 =	1649
7	19.99 = 1644	7,830 =	20.75 =	1625
8	20.29 = 1669	7,177 =	21.83 =	1567
9	20.59 = 1693	6,187 =	22.69 =	1404
10	20.87 = 1716	4,391 =	29.61 =	1300
Av.	31.13¢=$2560	8,224	31.13¢ =	$2560

* Data in asterisked sections are new, reflecting lower mileage totals. Data in other sections originally issued 11/80.